MONTANA LEGISLATIVE HISTORY

Chapter 39 19 81

Bill H _____ S 242 Original bill & history X C

H. Committee on Bus + Ind			S. Committee on Bus + Ind.		
Hearing Date(s)	3/10	✓ C	Hearing Date(s)	2/2	✓ C
	3/25	✓ C		2/13	✓ C
		C			C
		C			C
Date Out		C			

Did this bill originate in an interim committee? ____Yes ____No

Committee _____ Report _____

SB 242 — OCHSNER, TVEIT, ROTH, ET AL — AMENDING 33-4-510 TO PROVIDE THAT A FARM MUTUAL INSURER MAY CANCEL A CASUALTY OR LIABILITY POLICY FOR NONPAYMENT.

INTRODUCED AND REFERRED TO COMMITTEE ON BUSINESS AND INDUSTRY: 1/22
HEARING: 2/2
REPORT: 2/13, DO PASS AS AMENDED
2ND READING: 2/16, DO PASS
3RD READING: 2/18, YEAS: 45; NAYS: 4

TRANSMITTED TO HOUSE: 2/18
REFERRED TO COMMITTEE ON BUSINESS & INDUSTRY: 2/19
HEARING: 3/10
REPORT: 3/25, BE CONCURRED IN
2ND READING: 3/28, YEAS: 72; NAYS: 2
3RD READING: 3/31, YEAS: 92; NAYS: 6

RETURNED TO SENATE: 3/31

TRANSMITTED TO GOVERNOR: 4/6/81
ACTION: 4/10, SIGNED
CHAPTER 319

SB 243 — GRAHAM — DELEGATING AUTHORITY TO DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION TO AUTHORIZE DIVERSIONS FROM THE YELLOWSTONE BASIN.

INTRODUCED AND REFERRED TO COMMITTEE ON AGRICULTURE: 1/22
HEARING: 2/9
REPORT: 2/16, DO PASS AS AMENDED
2ND READING: 2/18, YEAS: 35; NAYS: 7
3RD READING: 2/20, YEAS: 46; NAYS: 3

TRANSMITTED TO HOUSE: 2/20
REFERRED TO SELECT COMMITTEE ON WATER: 2/21
HEARING: 3/12
REPORT: 3/24, BE CONCURRED IN, AS AMENDED
2ND READING: 3/28, YEAS: 23; NAYS: 52
BE NOT CONCURRED IN MOTION: 3/28, YEAS: 60; NAYS: 15
BILL KILLED ON 2ND READING: 3/28

ON MOTION, 3/31, HOUSE REQUESTS RETURN OF THE BILL AND, IF RETURNED, PLACED ON 2ND READING THIS DAY.
ON MOTION, 3/31, SENATE ACCEDES TO REQUEST.
2ND READING: 3/31, YEAS: 91; NAYS: 3
3RD READING: 3/31, YEAS: 95; NAYS: 1

RETURNED TO SENATE WITH AMENDMENTS: 3/31
2ND READING: 4/3, BE NOT CONCURRED
ON MOTION, 4/7, CONFERENCE COMMITTEE APPOINTED

JOINT CONFERENCE COMMITTEE REPORT NO. 1: 4/10
HOUSE
2ND READING: 4/13, BE NOT CONCURRED — YEAS: 66; NAYS: 20
ON MOTION, 4/13, NEW FREE CONFERENCE COMMITTEE APPOINTED

SENATE
ON MOTION, 4/14, FREE CONFERENCE COMMITTEE APPOINTED
ON MOTION, 4/15, FREE CONFERENCE COMMITTEE DISSOLVED
NEW FREE CONFERENCE COMMITTEE APPOINTED

Chap. Num.	Senate Bill	House Bill	Title
			elementary and secondary schools; amending sections 20-3-205, 20-9-303, 20-9-343, 20-9-344, 20-9-351, and 20-9-352, MCA; repealing section 20-9-345, MCA; and providing an effective date.....Page 496
318	138		An act providing for industrial development project financing of small-scale hydroelectric facilities; amending section 90-5-101, MCA.....Page 502
319	242		An act to provide that a farm mutual insurer or an insurer owned or controlled by an association or organization may refuse to renew a casualty or liability policy for nonpayment of dues if payment of dues to the farm mutual, association, or organization is a condition to obtaining or continuing the insurance; amending sections 33-4-510 and 33-18-102, MCA.....Page 502
320	246		An act to require that replacement value of a motor vehicle be the measure of damages in certain cases.....Page 503
321	308		An act to clarify the disposition of fees collected by the Clerk of the Supreme Court; amending section 3-2-404, MCA.....Page 503
322	354		An act to eliminate references to the Board of Athletics; repealing sections 2-15-1661, 23-3-101 through 23-3-103, and 23-3-201 through 23-3-209, MCA; and providing an effective date.....Page 504
323	387		An act to reestablish the Board of Veterans' Affairs under existing statutory authority and rules; amending section 2-8-103, MCA; and providing an immediate effective date.....Page 504
324	397		An act to reestablish the Board of Psychologists under existing statutory authority and rules; adding two public members to the board; amending the definition of psychology; deleting code of ethics requirement for exempted professions; amending the definition of psychologist in the insurance law; deleting felony conviction as grounds for denial or revocation of a license; amending sections 2-8-103, 2-15-1617, 33-22-111, 37-17-102, 37-17-104, and 37-17-311, MCA; and providing an immediate effective date.....Page 507
325	411		An act to delete the requirement that services for medical aid and hospitalization furnished by a county to indigents be approved by the Department of Health and Environmental Sciences and private associations; amending section 53-3-103, MCA.....Page 513
326	467		An act to reestablish the Board of Speech Pathologists and Audiologists for six years under existing statutory authority and rules; amending section 2-8-103, MCA; and providing an immediate effective date.....Page 514
327		12	An act to provide for increased punishment of persons who have been convicted of three separate felonies; amending sections 46-18-222 and 46-18-502, MCA.....Page 517
328		316	An act to substitute the Department of Institutions for the Board of Pardons with regard to jurisdiction over certain prisoners and conduct of hearings for certain prisoners; amending sections 46-18-203 and 46-23-422, MCA.....Page 518
329		781	An act authorizing a local governing body to contract with a financial institution for a repurchase agreement; providing for bid procedures; amending sections 7-6-201 and 7-6-206, MCA; providing an immediate effective date.....Page 519
330	47		An act to remove livestock, poultry, and the unprocessed products of both from class seven and place them in class six for purposes of property taxation; and providing an applicability and immediate effective date; amending sections 15-6-136 and 15-6-137, MCA.....Page 521
331	363		An act to control the importation and keeping of alfalfa leaf-cutting bees and to provide for the certification of health of alfalfa leaf-cutting bees imported into or kept in Montana; providing an effective date.....Page 523
332		788	An act to require the State Electrical Board to allow certain applicants to take license examinations.....Page 526
333		797	An act to authorize the sale by prescription of dimethyl sulfoxide (DMSO); amending section 50-31-311, MCA.....Page 527
334	55		An act to simplify reporting requirements for certain taxes by eliminating the requirement of verified returns and reports and eliminating the requirement of filing upon commencement of operations for certain taxes; amending sections 15-35-104, 15-36-105, and 15-38-105, MCA; and repealing sections 15-36-111, 15-37-113, 15-37-208, 15-58-103, 15-59-103, and 15-59-202, MCA.....Page 528
335	57		An act to amend laws on discrimination in housing to conform to federal requirements to enable the state to receive federal funds by expanding the definition of

SENATE BILL NO. 242

INTRODUCED BY OCHSNER, HAMMOND, TVEIT, ROTH, SEVERSON, CONOVER, C. SMITH, ZABROCKI

IN THE SENATE

anuary 22, 1981	Introduced and referred to Committee on Business and Industry.
ebruary 13, 1981	Committee recommend bill do pass as amended. Report adopted.
ebruary 14, 1981	Bill printed and placed on members' desks.
ebruary 16, 1981	Second reading, do pass.
ebruary 17, 1981	Correctly engrossed.
ebruary 18, 1981	Third reading, passed. Ayes, 45; Noes, 4. Transmitted to House.

IN THE HOUSE

ebruary 19, 1981	Introduced and referred to Committee on Business and Industry.
arch 26, 1981	Committee recommend bill be concurred in. Report adopted.
arch 28, 1981	Second reading, concurred in.
arch 30, 1981	On motion rules suspended and bill allowed to be transmitted on the 71st legislative day. Motion adopted.
arch 31, 1981	Third reading, concurred in. Ayes, 92; Noes, 6.

IN THE SENATE

April 1, 1981

Returned from House. Concurred in. Sent to enrolling.

Reported correctly enrolled.

SENATE BILL NO. 242

INTRODUCED BY [redacted] Roth Stevenson Conover O'Smith Hammond Jabs

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE THAT A FARM MUTUAL INSURER OWNED OR CONTROLLED BY A NONPROFIT CORPORATION MAY CANCEL OR REFUSE TO RENEW A CASUALTY OR LIABILITY POLICY FOR NONPAYMENT OF DUES IF PAYMENT OF DUES TO THE NONPROFIT CORPORATION IS A CONDITION TO OBTAINING OR CONTINUING THE INSURANCE; AMENDING SECTION 33-4-510, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 33-4-510, MCA, is amended to read:

"33-4-510. Rates -- filing -- discrimination. (1) A farm mutual insurer is not required to file any of its insurance rates with the commissioner. No such rate shall be unfairly discriminatory as between subjects of insurance covered for like perils under like policies and having substantially the same insuring, exposure, and underwriting characteristics.

(2) Notwithstanding any provision of subsection (1) or chapter 18, part 2, of this title, a farm mutual insurer owned or controlled by a nonprofit corporation may cancel or refuse to renew a casualty or liability policy upon nonpayment of dues to the nonprofit corporation if payment of dues is a condition to obtaining or continuing such insurance."

-End-

LC 1262/01

COMMITTEE ON BUSINESS AND INDUSTRY

MONTANA STATE SENATE

1981

CHET BLAYLOCK

PAUL BOYLAN

HAROLD DOVER

ALLEN KOLSTAD

GARY LEE

PAT REGAN

PAT GOODOVER	Vice Chairman
FRANK HAZELBAKER	Chairman
MINNA MILLER	Secretary January to February 20
MARY ELLEN CONNELLY	Secretary February 20 to end of session

FORTY-SEVENTH LEGISLATIVE SESSION

COMMITTEE ON BUSINESS AND INDUSTRY

SENATE BILLS

Senate BILL NO.	ENTERED COMM.	DATE CONSIDERED	OUT OF COMM.	DO PASS DATE	DO NOT PASS DATE	DO PASS AS AMEND. DATE	BE CONCURRED IN DATE	BE CONC. IN AS AMENDED DATE	BE NOT CONCURRED IN DATE
239	1/22	1/28	2/7			2/7			
242	1/22	2/2	2/13			2/13			
247	1/22	2/18	2/19	2/19					
249	1/22	2/9	2/13			2/13			
250	1/22	2/16	2/19		2/19				
261	1/22	2/4	2/7	2/7					
263	1/22	2/4	2/7		2/7				
275	1/26	2/4	2/7			2/7			
295	1/27	2/7	2/7	2/7					
299	1/28	2/9	2/11	2/11					
301	1/28	2/6	2/13			2/13			
307	1/28	2/9	2/9			2/9			
324	1/29	2/11	NO ACTION TAKEN						
331	1/30	2/11	2/13			2/13			
333	1/30	2/11	2/11			2/11			

MINUTES OF THE MEETING
BUSINESS AND INDUSTRY COMMITTEE
MONTANA STATE SENATE

February 2, 1981

The meeting of the Business and Industry Committee was called to order by Chairman Frank W. Hazelbaker, on February 2, 1981, at 10:00 a.m. in Room 404 of the State Capitol.

ROLL CALL: All members of the committee were present.

Senator Hazelbaker called upon Senator Hafferman, who explained that he was introducing Senate Bill 233 at the request of the Department of Business Regulations. He also stated that this Bill is backed by members of the consumer loan industry. Senate Bill 233 is designed to amend a section of MCA, in regard to receipts given to a consumer loan borrower to allow for the use of mechanical data processing equipment. Following the description of the Bill by Senator Hafferman, Senator Hazelbaker called for Proponents and Opponents. There were none. At this time Senator Hazelbaker called for the question. This Bill was unanimously passed.

Senator Hazelbaker then called upon Senator Ochsner to introduce Senate Bill 242, which Bill would amend a section of MCA to allow state banks to branch if national banks are allowed this privilege.

PROPONENTS:

Pat Underwood, Director of Information and Public Affairs, stated that he was representing the Farm Bureau. He explained that in the past year all of the counties had a resolution on this matter and that this resolution had passed unanimously. According to Mr. Underwood, the Farm Bureau was started as a service to help solve problems for those in agricultural areas. This Bureau operates only on dues paid by the 50 members, these dues being $35.00 per year per member. He stated that they feel that it makes sense for county members to belong where they can get insurance.

OPPONENTS:

Josephine Driscoll, Chief Deputy and Insurance Commissioner, stated that to the best of her knowledge there isn't a farm bureau, owned or controlled by a non-profit corporation, in the State of Montana. She explained that the only true farm mutuals in the state are the county mutuals, which are community mutuals, and which are owned by members. Mrs. Driscoll does not feel that passage of this Bill would resolve the problem for which it is intended.

Senator Dover asked if you can buy this only if you are a member, and Senator Ochsner replied that the Department has ruled illegal on everything that has been tried here.

In reply, Mrs. Driscoll commented that insurance must be offered to the public at large; otherwise it is considered as discriminatory.

Senator Lee commented that if the Attorney General's office has ruled against something, he would think that the Farm Bureau should have requested a declamatory judgment.

Mrs. Driscoll explained that you cannot apply rules which are not contained in the Contract. Senator Dover asked if it is possible to put in the Contract the comment that you cannot renew unless you remain a member of the Bureau, and Mrs. Driscoll said that that is now allowed where the Law is written; they consider this to be discriminatory.

Mr. Underwood explained that this particular coverage is in another insurance company in Montana which sells to everybody - it came to this state to sell to all 50 insurance members.

At this time, Senator Hazelbaker asked Greg Petesch, the Staff Attorney for this Committee, to research the Wyoming law in this regard.

Senator Goodover questioned that if the company did come in, and, under this Law, offer to sell you insurance, if you became a member, are you stating that this cannot be done? At this point Senator Boylan commented that he is wondering who is helping who. He stated that the way this is written, the State has to be careful about using the state law to keep a tight little union; in effect this is helping the organization to keep it tight. He feels that you can't keep your insurance unless you join the union - insurance is a thing in itself.

Senator Hazelbaker explained that in regard to State Farm having a membership fee, this is only when you take out the premium - it is only collected the first time.

Mr. Underwood emphasized that it is the membership asking for insurance - not the insurance companies.

There was then some discussion between Senator Regan and Mr. Underwood in regard to a fraternal organization as compared to an organization such as State Farm, offering insurance.

Senator Hazelbaker then referred the question to the staff attorney, and asked him to checkthe Wyoming Law. Senator Ochsner commented that they have all that in the Legislative Council, this material was given to them when they drafted the Bill.

Senator Hazelbaker then explained the drafting of a bill to allow rural electric and telephone cooperatives to establish in their By Laws an amount of compensation to be paid to directors while engaged in official business of the cooperatives.

Riley Childers, Assistant Vice President for Rural Electric, stated that when members attend other meetings and compensate them, they are violating the existing Law. He further explained that we can make this workable; the expenditure has to be approved by the Board.

Senator Regan commented that she does not see why we should do this, and Mr. Childers replied that it would have to be approved by the membership; the By-Laws would have to be approved by the members.

In reply to Senator Kolstad's comment that if you have a couple of Board members who have served on the Board for many years, they might want one last hurrah in Mexico City, Senator Blaylock said that there is really no way that the State Legislature can protect against this. He cited the Montana High School Association, which collects dues from the entire State of Montana, and which held a meeting in Hawaii; he does not feel that this is right.

Senator Regan asked is there is anything in the existing Law which prevents the trustees from going to their membership to obtain compensation to do anything they want to do - is there anything to prevent them from sending a representative or a Board member to any paid meeting?

The Staff Attorney replied that the trustees receive no compensation without approval from the membership; they would receive compensation only upon the approval of the Board of Directors.

Senator Regan stated that she would like to have the Staff Attorney draft a Bill which allowed for reimbursement for some of the things that have been described, provided it is approved by the membership. She commented that they know about the meeting; when it takes place and where it takes place, and they know that they cannot be paid accordingly.

Although Senator Kolstad said that serving on these Boards is not lucrative, Senator Lee that this is the same thing as with the water districts - these are all co-ops. Senator Regan commented that she can remember this type of thing with the Board of Occupational Licensings - for example, the Board of Realtors, and she was joined by Senator Lee who stated that we are talking about a number of people within the state. He said that he feels that getting a membership opinion is totally ineffective.

It is moved by Senator Blaylock and seconded by Senator Dover that we draft a Committee Bill.

Senate Bill 242 is being held until we get the research on the mutual insurance situation.

In regard to the proposed amendment to Senate Bill 49, the inconsistencies have been cleaned up. They would require that all group insurance policies make this coverage available - it is required under this policy to offer this type of coverage.

It is moved by Senator Lee and seconded by Senator Dover that the amendments pass on Senate Bill 49.

It is moved by Senator Lee and seconded by Senator Dover the the Bill be presented with a "Do Not Pass".

Senator Regan commented that once the amendments have been put in, they are no longer objectionable to the Bureau. She then asked if there are other objections to this Bill. She suggested that the Committee pass the Bill, commenting that she feels that this is a step in the right direction to offer home health care to help keep people out of more expensive coverage.

Senator Lee advised that the only problem he has with this is that when making this mandatory it means all insurance companies must participate; other than that he feels that this is a good Bill.

Senator Kolstad commented that this will still be offered, whether or not this Bill passes.

Senator Lee said that if we do makes these insurance companies provide this service, they must do it at a price which is available to the public.

ROLL CALL VOTE:

For - four
Against - four

The Bill remains in committee.

Senator Hazelbaker then adjourned the meeting.

FRANK W. HAZELBAKER, Chairman

mm

ROLL CALL

BUSINESS and INDUSTRY COMMITTEE

47th LEGISLATIVE SESSION -- 1981 Date 2-02-81

NAME	PRESENT	ABSENT	EXCUSED
Goodover, Pat - Vice Chairman	x		
Hazelbaker, Frank - Chairman	x		
Blaylock, Chet	x		
Boylan, Paul	x		
Dover, Harold	x		
Kolstad, Allen	x		
Lee, Gary	x		
Regan, Pat	x		

Each day attach to minutes.

NAME: Pat Underwood DATE: 2 Feb. 81

ADDRESS: P.O. Box 1207 Bozeman, MT. 59715

PHONE: 406-587-3153

REPRESENTING WHOM? Montana Farm Bureau Federation

APPEARING ON WHICH PROPOSAL: SB 242

DO YOU: SUPPORT? ✓ AMEND? _____ OPPOSE? _____

COMMENTS: Farm Bureau requires membership for participation in all other service programs. These include: Purchase of Farm Bureau Service Co. Tires, Batteries, Baling Twine, Tillage Tools, Fruight From other states and a variety of others. Besides insurance we provide travel and legislative services on National and International levels. We only operate on what our $35.00 per year membership dues provide. Some of these proceeds fund the County Farm Bureau offices; which is also the insurance ofc. From what we can determine, Mont. is only state that doesn't require membership for insurance. To insure our growth as a viable agricultural organization we support SB 242. Other agriculture groups have told us they see nothing wrong with our desire and do not oppose this

Proposed Amendments - SB 242

1. Title, line 5.
Following: "INSURER"
Strike: remainder of line 5.

2. Title, line 6.
Following: line 5
Strike: "CORPORATION"
Following: "MAY"
Strike: "CANCEL OR"

3. Page 1, line 22.
Following: line 21
Strike: "owned or controlled by a nonprofit corporation"
Insert: "transacting insurance under this chapter"
Following: "may"
Strike: "cancel or"

4. Page 1, line 24.
Following: "to the"
Strike: "nonprofit corporation"
Insert: "farm mutual insurer"

5. Page 1, line 25.
Following: "condition"
Strike: "to"
Insert: "for"

level; this is strictly for private enterprise.

Senator Lee commented that our initial concern is that this might be in conflict with The Prudentman Rule; this excludes them from having to obtain the highest rate of return. He said that we are talking about the implementation of Federal dollars at a rate of four to one, and he wonders if the State Board of Investments is going to address these types of issues.

Jim Howeth, representing the State Board of Investments, said that if money is leaving the state, money is also coming back into the state, in the form of return, and he questions that we actually have that money invested back East. He said that we have $6,000,000 invested in Standard Oil in Indiana, and they own the corporation which operates Cypress Mines which has the world's top mining operation in Three Forks, Montana. They employ people in Montana. This isalso true of Safeway, J. C. Penny, Exon and Conoco. They employ people and pay taxes in Montana.

Senator Kolstad asked Mr. Howeth, what was your average rate of investments last year, and Mr. Howeth replied 12-15%.

At this time the Staff Attorney stated that Senator Towe has a separate Bill which will allow for investments in the State.

On Senate Bill 331, Senator Blaylock moved the Amendment, which was seconded by Senator Lee. Senator Kolstad moved the Bill as amended. Senate Bill 331 passed - 7 to 1 - Senator Regan opposed. (Senator Regan stated that we don't like the Bill any better than we did in the first place. You can't protect the consumer, but we don't have to encourage this type of legislation which brings this kind of insurance into the State. The insurance company doesn'thave to get into the investment market and sell insurance - I DON'T LIKE IT!!! The Amendment to Senate Bill 331 removes sections from the Bill, which are placed in the Insurance Code.

Senate Bill 242 - Senator Dover moved the Amendments, and he moved the Bill as amended. Senate Bill 242 passed as amended, with Senators Dover, Goodover, Kolstad, Lee and Hazelbaker in favor, and Senators Regan, Blaylock and Boylan opposed.

On Senate Bill 352, Senator Blaylock moved the Amendment, page two, line 19 - change "illness" to "health" - Senate Bill 352 pass unanimously.

Senate Bill 301 passed: Senators Blaylock, Goodover, Lee and [illegible] in favor; Senator Kolstad opposed. Senators Regan, Dover [illegible] were absent; Senate Bill passed four to one.

There being no further business, Chairman Hazelbaker adjourned the meeting.

FRANK W. HAZELBAKER, Chairman

[illegible] attach to minutes.

ROLL CALL

BUSINESS and INDUSTRY COMMITTEE

47th LEGISLATIVE SESSION -- 1981 Date 2-6-13

NAME	PRESENT	ABSENT	EXCUSED
Goodover, Pat - Vice Chairman	X		
Hazelbaker, Frank - Chairman	X		
Blaylock, Chet	X		
Boylan, Paul	X		
Dover, Harold	X		
Kolstad, Allen	X		
Lee, Gary	X		
Regan, Pat	X		

Each day attach to minutes.

Proposed Amendments to SB 242

1. Title, line 5.
Following: "INSURER"
Insert: "OR AN INSURER"
Following: "BY"
Strike: "A NONPROFIT"
Insert: "AN ASSOCIATION OR ORGANIZATION"

2. Title, line 6.
Following: line 5
Strike: "CORPORATION"
Following: "MAY"
Srike: "CANCEL OR"

3. Title, line 8.
Following: "TO THE"
Strike: "NONPROFIT CORPORATION"
Insert: "FARM MUTUAL, ASSOCIATION, OR ORGANIZATION"

4. Title, line 9.
Following: "AMENDING"
Strike: "SECTION"
Insert: "SECTIONS"
Following: "33-4-510"
Insert: "AND 33-18-102"

5. Page 1, line 22.
Following: line 21
Strike: "owned or controlled by a nonprofit corporation"
Insert: "transacting insurance under this chapter"
Following: "may"
Strike: "cancel or"

6. Page 1, line 24.
Following: "to the"
Strike: "nonprofit corporation"
Insert: "farm mutual insurer"

7. Page 1, line 25.
Following: "condition"
Strike: "to"
Insert: "for"

8. Page 2, line 2.
Following: line 1
Insert: "Section 2. Section 33-18-102, MCA, is amended to read:
"33-18-102. Unfair methods or deceptive practices prohibited -- exception. (1) No person shall engage in this state in any trade practice which is defined in this chapter as or determined pursuant to this chapter to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance.

(2) Nothing in this chapter shall be construed to prevent an insurer owned or controlled by an association or organization from refusing to renew a casualty or liability policy for nonpayment of dues to the association or organization if payment of dues is a condition for obtaining or continuing such insurance.""

_____ BILL NO. _____

INTRODUCED BY _____

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE THAT A FARM MUTUAL INSURER OR AN INSURER OWNED OR CONTROLLED BY A ~~NONPROFIT~~ AN ASSOCIATION OR ORGANIZATION ~~CORPORATION~~ MAY ~~CANCEL OR~~ REFUSE TO RENEW A CASUALTY OR LIABILITY POLICY FOR NONPAYMENT OF DUES IF PAYMENT OF DUES TO THE ~~NONPROFIT CORPORATION~~ FARM MUTUAL, ASSOCIATION, OR ORGANIZATION IS A CONDITION TO OBTAINING OR CONTINUING THE INSURANCE; AMENDING ~~SECTION~~ SECTIONS 33-4-510 AND 33-18-102, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 33-4-510, MCA, is amended to read:

"33-4-510. Rates -- filing -- discrimination. (1) A farm mutual insurer is not required to file any of its insurance rates with the commissioner. No such rate shall be unfairly discriminatory as between subjects of insurance covered for like perils under like policies and having substantially the same insuring, exposure, and underwriting characteristics.

(2) Notwithstanding any provision of subsection (1) or chapter 18, part 2, of this title, a farm mutual insurer ~~owned or controlled by a nonprofit corporation~~ TRANSACTING INSURANCE UNDER THIS CHAPTER may ~~cancel or~~ refuse to renew a

casualty or liability policy upon nonpayment of dues to the ~~nonprofit corporation~~ FARM MUTUAL INSURER if payment of dues is a condition ~~to~~ FOR obtaining or continuing such insurance."

SECTION 2. SECTION 33-18-102, MCA, IS AMENDED TO READ:

"33-18-102. Unfair methods or deceptive practices prohibited -- exception. (1) No person shall engage in this state in any trade practice which is defined in this chapter as or determined pursuant to this chapter to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance.

(2) Nothing in this chapter shall be construed to prevent an insurer owned or controlled by an association or organization from refusing to renew a casualty or liability policy for nonpayment of dues to the association or organization if payment of dues is a condition for obtaining or continuing such insurance."

-End-

~~Proposed~~ Amendments to SB 242

1. Title, line 5.
Following: "INSURER"
Insert: "OR AN INSURER"
Following: "BY"
Strike: "A NONPROFIT"
Insert: "AN ASSOCIATION OR ORGANIZATION"

2. Title, line 6.
Following: line 5
Strike: "CORPORATION"
Following: "MAY"
Srike: "CANCEL OR"

3. Title, line 8.
Following: "TO THE"
Strike: "NONPROFIT CORPORATION"
Insert: "FARM MUTUAL, ASSOCIATION, OR ORGANIZATION"

4. Title, line 9.
Following: "AMENDING"
Strike: "SECTION"
Insert: "SECTIONS"
Following: "33-4-510"
Insert: "AND 33-18-102"

5. Page 1, line 22.
Following: line 21
Strike: "owned or controlled by a nonprofit corporation"
Insert: "transacting insurance under this chapter"
Following: "may"
Strike: "cancel or"

6. Page 1, line 24.
Following: "to the"
Strike: "nonprofit corporation"
Insert: "farm mutual insurer"

7. Page 1, line 25.
Following: "condition"
Strike: "to"
Insert: "for"

8. Page 2, line 2.
Following: line 1
Insert: "Section 2. Section 33-18-102, MCA, is amended to read:
"33-18-102. Unfair methods or deceptive practices prohibited -- exception. (1) No person shall engage in this state in any trade practice which is defined in this chapter as or determined pursuant to this chapter to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance.
(2) Nothing in this chapter shall be construed to prevent an insurer owned or controlled by an association or organization from refusing to renew a casualty or liability policy for nonpayment of dues to the association or organization if payment of dues is a condition for obtaining or continuing such insurance.""

STANDING COMMITTEE REPORT

February 13 19 81

MR. PRESIDENT

We, your committee on BUSINESS AND INDUSTRY

having had under consideration Senate Bill No. 242

Respectfully report as follows: That Senate Bill No. 242 be amended as follows:

1. Title, line 5.
Following: "INSURER"
Insert: "OR AN INSURER"
Following: "BY"
Strike: "A NONPROFIT"
Insert: "AN ASSOCIATION OR ORGANIZATION"

2. Title, line 6.
Following: line 5
Strike: "CORPORATION"
Following: "MAY"
Strike: "CANCEL OR"

3. Title, line 8.
Following: "TO THE"
Strike: "NONPROFIT CORPORATION"
Insert: "FARM MUTUAL, ASSOCIATION, OR ORGANIZATION"

DO PASS

Chairman.

STATE PUB. CO.
Helena, Mont.

4. Title, line 9.
Following: "AMENDING"
Strike: "SECTION"
Insert: "SECTIONS"
Following: "33-4-510"
Insert: "AND 33-18-102"

5. Page 1, line 22.
Following: line 21
Strike: "owned or controlled by a nonprofit corporation"
Insert: "transacting insurance under this chapter"
Following: "may"
Strike: "cancel or"

6. Page 1, line 24.
Following: "to the"
Strike: "nonprofit corporation"
Insert: "farm mutual insurer"

7. Page 1, line 25.
Following: "condition"
Strike: "to"
Insert: "for"

8. Page 2, line 2.
Following: line 1
Insert: "Section 2. Section 33-18-102 MCA, is amended to read:
"33-18-102. Unfair methods or deceptive practices prohibited -- exception. (1) No person shall engage in this state in any trade practice which is defined in this chapter as or determined pursuant to this chapter to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance.

(2) Nothing in this chapter shall be construed to prevent an insurer owned or controlled by an association or organization from refusing to renew a casualty or liability policy for nonpayment of dues to the association or organization if payment of dues is a condition for obtaining or continuing such insurance.""

And, as so amended, DO PASS

O.A.

Chairman.

STATE PUB. CO.
Helena, Mont.

SENATE COMMITTEE BUSINESS AND INDUSTRY

Date 2-13-81 Bill No. 242 Time 11:10 a.m

NAME	YES	NO
Hazelbaker	x	
Goodover	x	
Dover	x	
Kolstad	x	
Lee	x	
Blaylock		x
Boylan		x
Regan		x

M. Miller
Secretary

Frank W. Hazelbaker
Chairman

Motion: Senator Dover moved the Amendments; he also moved the Bill as amended. Senate Bill 242 passed, as amended - five to three. Moved "Do Pass as Amended".

(include enough information on motion—put with yellow copy of committee report.)

MEMBERS
of the
HOUSE BUSINESS AND INDUSTRY COMMITTEE

47TH LEGISLATIVE SESSION, 1981

ANDREASON, Aaron
BERGENE, Toni
ELLERD, Bob
ELLISON, Orval
FABREGA, Jay, Chairman
HARPER, Hal
JACOBSEN, Glenn
JENSEN, Ray, Vice Chairman
KESSLER, Gerald
KITSELMAN, Les
MANNING, Richard
METCALF, Jerry
MEYER, Darryl
O'HARA, David
PAVLOVICH, Bob
ROWINS, Ken
SCHULTZ, Jim
VINCENT, John
WALLIN, Norm

VERDON, Paul, Researcher
LAHTI, Josephine, Secretary

ROLL CALL

HOUSE BUSINESS AND INDUSTRY COMMITTEE

47th LEGISLATIVE SESSION, 1981

Name	29 2/17	30 2/18	31 2/19	32 2/20	33 2/21	34 2/23	35 Date 3/3	36 3/4	37 3/5	38 3/7	39 3/9	40 3/10	41 3/11	42 3/12
ANDREASON, Aaron	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
BERGENE, Toni	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
ELLERD, Bob	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
ELLISON, Orval	✓	✓	✓	E	✓	✓	✓	✓	✓	E	✓	✓	✓	
FABREGA, Jay	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
HARPER, Hal	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
JACOBSEN, Glenn	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
JENSEN, Ray	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
KESSLER, Gerald	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
KITSELMAN, Les	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
MANNING, Dick	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
METCALF, Jerry	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
MEYER, Darryl	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	E	
O'HARA, David	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
PAVLOVICH, Bob	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
ROBBINS, Ken	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
SCHULTZ, Jim	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		
VINCENT, John	✓	✓	✓	✓	✓	✓	E	✓	✓	✓	✓	✓		
WALLIN, Norm	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
VERDON, Paul, reseacher	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		

6.

HOUSE BUSINESS & INDUSTRY COMMITTEE

47th Legislature

Bill No.	Subject Matter	Date In	Sponsor	Hearing Date	Committee Action	Date Out
SB 242	To provide that a farm mutual insurer owned or controlled by a nonprofit corporation may cancel or refuse to renew a casualty or liability policy for nonpayment of dues if payment of dues to the nonprofit corporation is a condition to obtaining or continuing the insurance; amend 33-4-510.	2/19	Ochsner	3/10	BE CONCURRED IN	3/25/81
SB 338	To amend 16-4-105 to include restaurants within the category of persons or establishments that may be licensed to sell beer or table wine, or both, in original packages for off-premises consumption.	2/21	Keating	3/4	TABLED 3/4 BE CONCURRED IN	3/6/81
SB 352	To insure availability of basic levels of benefits under disability insurance policies & contracts for care and treatment of mental illness; amend 33-22-701 thru 33-22-704.	2/19	Blaylock	3/10	BE CONCURRED IN	3/12
SB 129	Regulating conversions of group life ins. and group disability ins. & providing for continuation of group coverage under certain circumstances; amend; effective date.	3/2	Turnage Norman	3/11	BE CONCURRED IN AS AMENDED	3/25/81
SB 247	Amending 32-1-362 to allow state banks to branch if national banks are allowed that privilege.	3/2	Regan Himsl	3/12	BE CONCURRED IN	3/12

#40

HOUSE BUSINESS AND INDUSTRY COMMITTEE

March 10, 1981

SUMMARY OF BILLS TO BE HEARD TODAY

SENATE BILL 2 -

Introduced by Sen. Himsl by request of the Committee on Branching of Financial Institutions, allows a credit union to open additional offices unless the Department of Business Regulation finds a compelling reason for disapproval. Competition with another financial institution is not a sufficiently compelling reason for disapproval.

SENATE BILL 49 -

Introduced by Sen. Eck, requires insurers and health service corporations to offer optional coverage for home health care benefits including nursing, home health aide services, physical therapy, occupational therapy, speech therapy, hospice service, medical supplies and equipment and medically necessary personal hygiene, grooming, and dietary assistance. These services would be provided by a licensed home health agency at the insured's residence under prescription of a physician. The coverage would be available under group policies and group service plan contracts. The act would apply to policies or contracts issued 120 days after the effective date. The act does not apply to Medicare policies or individual policies, or to blanket, short term travel, accident only, limited or specified disease policies.

SENATE BILL 242 -

Introduced by Sen. Ochsner and others, revises the state's insurance laws to allow a farm mutual insurer or an insurer owned or controlled by an association or organization to refuse to renew a casualty or liability policy for nonpayment of dues.

SENATE BILL 275 -

Introduced by Sen. Ryan, revises the state insurance law to prohibit a funeral director or mortuary to be named as a beneficiary under a life insurance contract.

SENATE BILL 333 -

Introduced by Sen. Anderson by request of the insurance department, is intended to simplify and render more intelligible the language of policies of life, disability, and credit life, and credit disability insurance. The bill establishes mimimum standards for language in insurance forms and adopts the Flesch reading case test for readability. The commissioner of insurance is given authority to approve the forms. This act applies to policy forms filed after July 1, 1983, and no policy form may be used after July 1, 1986, unless approved by the commissioner.

BEVERLY GIBSON, Montana Association of Counties, Helena, supports SB 49.

ALLEN CAIN, Blue Shield, supports SB 49, but is not enthusiastic about this kind of insurance. He thinks the bill is very workable at this point. After more experience, they will know actuarily what this will cost, and whether conditions are shown to be good for patients. He still supports the bill.

JO DRISCOLL, Chief Deputy Insurance Commissioner, complemented Sen. Eck on this bill. She doesn't believe in mandatory legislation, but believes in making insurance convenient for the public and this will provide experience and benefit other programs. She supports the bill.

OPPONENTS: None

QUESTIONS: None

Senator Eck closed agreeing with Jo Driscoll. The intent and the purpose of this legislation will be to extend the home health care coverages in Montana. There are 16 home health care agencies in 30 counties. She thinks the number of people who are asking for home health care will require that new agencies be formed. Agencies cover a good many counties in the surrounding areas where they will contract with some registered nurses or LPNs and some other providers to take care of the persons in that county. They would be working on a part-time basis.

SENATE BILL 242 -

SENATOR DON OCHSNER, District 26, Custer and Prairie Counties, chief sponsor, said SB 242 is an act to provide that a farm mutual insurer or an insurer owned or controlled by an association or organization may refuse to renew a casualty or liability policy for nonpayment of dues if payment of dues is a condition to obtaining or continuing the insurance. In some organizations they are using this right now.

WILLIAM BROWN, Executive Vice President of the Montana Farm Bureau, supports SB 242. See his testimony EXHIBIT C.

OPPONENTS -

JO DRISCOLL, Insurance Commissioners office, would like to clarify that they are not opposing the farm bureau people, but are opposed to what the bill actually does. The bill was applicable only to farm mutual insurers, and they do not want to open the laws to the extent that any mutual insurance company can say you have to be a member of our organization to be able to buy coverage. Inasmuch as they are organized as a regular mutual insurer, they must offer insurance to the general public at large - that is the purpose of being in the business. They can't say they can't cover you unless you are a member. Possibly if the farm bureau were included a specific reference could be made.

QUESTIONS -

Rep. Kessler was told by Mrs. Driscoll she didn't think the sponsors would object to having this restricted to farm bureaus. Mr. Brown thought this would answer the farm bureau needs, but the problem does exist with other organizations. Mr. Brown further told Rep. Ellerd this would limit the ability of their agents to sell insurance to a small degree. This would never have any effect on life insurance because membership is required for a certain group of members for a certain kind of insurance.

Rep. O'Hara asked if there is a problem because of the low insurance rates offered members, and would there be a higher premium if a person were not a member? Mr. Brown repeated this was to provide insurance for their members, and that the law does need to be changed. Now people are able to purchase their insurance without membership and they are getting benefits offered by the farm bureaus without contributing to the organization. The original purpose was to provide economic benefits to members. They have joint management with Wyoming because when they started selling insurance in 1958, they purchased policies from Wyoming farm bureau companies. Membership dues are $35 annually.

Because membership is a selected group of risks, the farm bureau could provide insurance at a lower cost, and that is the reason for entering into the insurance business. They work in association with other farm bureaus and have ownership, manage, and offer these at standard rates to the public at large. A person would have the benefit of purchasing if he is a member or purchasing from one of the standard policies.

Rep. Ellerd asked the difference between Farm Bureau and Farmers Union. Jo Driscoll said they are organized as a state farm mutual, and a specific law applies to state farm mutuals. This was for the purpose of the farmers getting together and forming their own insurance company. County mutuals can sell only to their particular county people. Companies at large are thrown back into the other pot.

Rep. Jacobsen asked about other types of membership such as associate memberships and if their fees are the same. He was told associate members also have insurance. Mr. Brown said they have the management of their own insurance company, but they do not provide casualty or liability insurance, but only life. Children of their members grew up and established other businesses and wanted insurance, so they made arrangements with another company to provide their insurance needs. Rates are higher for those risks that are not in the preferred category and that is offered to their members or they can purchase standard insurance. Agents still would have other insurance to sell to nonmembers.

Rep. O'Hara asked Jo Driscoll how this could be set up under a farm mutual. She replied there are 500 mutuals in the state selling insurance who can sell only as a regular farm mutual. She thinks the rates being different are discriminatory when being a member you get a lower rate when you have to pay a higher rate because of not being a member. She feels the rates should be based on actuarial ratings.

Rep. Fabrega asked what Senator Ochsner thought about opening this privilege to only this company and not to all. He had no objection, although this would take care of only this particular situation.

Sen. Ochsner said there are a lot of other companies doing this right now and getting by with it. They are preferred risks and don't have the accidents because they are more careful. Most companies do require a membership fee. The problem is on renewal. Farm bureau people are a better risk than other people. Those moving to town keep up their membership to obtain other benefits available through membership.

Rep. Fabrega remarked farm mutuals are not required to file rates with the insurance commissioner. Under farm mutuals members would make up any deficiencies themselves. He asked how other companies could get in under this? An insured or an insurer takes it out of the farm mutual. There are unfair trade practices that apply to any insurance company in the state and they apply to all. This would open it up to other companies. This would require a membership and a renewal fee be paid. Farm bureau is a regular mutual insurance company.

Rep. Vincent asked if they are asking for anything more than the situation wherein he has to be a member of NEA or MEA or both to be eligible to buy insurance, most of which is through Prudential, or to renew. Jo Driscoll said this is provided for under law for health insurance. These are individual products here as opposed to the group concept.

Rep. Ellerd asked if any of the parent companies share in any profits. Mr. Brown said they provide certain services to them and they are compensated back, but it is in exchange for services and in order to meet insurance regulations, they maintain detailed records of services provided. A contract between the insurance company and Gallatin County Farm Bureau provides that the Farm Bureau leaders have authority to ask for an agent to be replaced. A person would have to be a member to purchase through another standard company.

Rep. Andreason asked Jo Driscoll what specific change on page 2, lines 13-18 she thought would make this applicable to a farm bureau so that it is restricted only to those companies that may have this type of relationship with an actual farm bureau.

Rep. Ellison asked if there is any objection if these were to specifically include the Farm Bureau? Mr. Brown said would answer their needs, but not those of other companies. Reference was made to purchasing insurance through the Montana Education Association - there is a membership requirement. There is a membership in other states and that is not a group or a franchise.

Jo Driscoll said they must offer insurance to members and to any others with no difference in rates.

Senator Ochsner closed saying this would not lose insurance sales for agents if enforced. It is provided for under other services. The last line Mrs. Driscoll wants to delete was proposed in the Senate.

See EXHIBIT D for Mrs. Driscoll's proposed amendments.

SB 175, 142, 233, 257, 49

NAME Barbara Shroeder BILL No. _____

ADDRESS Helena DATE 3/10/81

WHOM DO YOU REPRESENT Montana Tax Appeal

SUPPORT _____ OPPOSE _____ AMEND _____

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

FORM CS-34
1-81

VISITORS' REGISTER

HOUSE _____ COMMITTEE

LL SB247 Date _____

ONSOR _____

NAME	RESIDENCE	REPRESENTING	SUPPORT	OPP
Underwood	Bozeman	MT. Farm Bureau	✓	
Bill Brower	Bozeman	Farm Bureau	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Exhibit C

MR. CHAIRMAN, MEMBERS OF COMMITTEE AND GUESTS.

I APPRECIATE THE OPPORTUNITY TO TESTIFY ON SENATE BILL 242.

THE MONTANA FARM BUREAU WAS ORGANIZED IN 1919 AND CURRENTLY HAS 4826 MEMBER FAMILIES IN 38 ORGANIZED COUNTY ORGANIZATIONS.

FARM BUREAU IS A FREE, INDEPENDENT, NONGOVERNMENTAL, VOLUNTARY ORGANIZATION OF FARM AND RANCH FAMILIES UNITED FOR THE PURPOSE OF ANALYZING THEIR PROBLEMS AND FORMULATING ACTION TO ACHIEVE EDUCATIONAL IMPROVEMENT, ECONOMIC OPPORTUNITY, AND SOCIAL ADVANCEMENT AND THEREBY TO PROMOTE THE NATIONAL WELL-BEING.

TO THAT END IN 1958 WE ENTERED INTO A JOINT VENTURE WITH THE WYOMING FARM BUREAU TO PROVIDE INSURANCE SERVICES TO FARM BUREAU MEMBERS IN MONTANA. THAT RELATIONSHIP HAS GROWN TO JOINT MANAGEMENT THROUGH THE ELECTION OF FARM BUREAU MEMBERS IN MONTANA AND WYOMING TO THE BOARD OF DIRECTORS OF MOUNTAIN WEST FARM BUREAU MUTUAL INSURANCE COMPANY.

IT HAS BEEN THE INTENTION OF FARM BUREAU AS EXPRESSED BY THE ADOPTION OF OUR POLICIES AND THE ELECTION OF OUR OFFICIERS TO PROVIDE CERTAIN ECONOMIC SERVICES TO OUR MEMBERSHIP. WE ARE CURRENTLY INVOLVED IN PROGRAMS MARKETING TIRES, BATTERIES, TILLAGE TOOLS, LUBRICANTS, FILTERS AND FROZEN FRUIT AND VEGETABLES TO OUR MEMBERS. on a members only basis.
WE MARKETED OUR CASUALTY AND LIABILITY INSURANCES ONLY TO OUR MEMBERS UNTIL ABOUT 1972 WHEN INTERPRETATION OF PREVIOUSLY ADOPTED STATUTES DISALLOWED OUR MEMBERSHIP REQUIREMENT. WE SUPPORT SB 242 BECAUSE IT ALLOWS US TO RETURN TO THE STATUS WHICH WE PREVIOUSLY ENJOYED, A STATUS WHICH SERVES THE PURPOSES FOR WHICH WE ENTERED INTO THE INSURANCE BUSINESS, THAT OF PROVIDING AN ECONOMIC SERVICE TO OUR MEMBERS, AND A STATUS ENJOYED BY EVERY OTHER STATE FARM BUREAU. THE PASSAGE OF LEGISLATION SIMILAR TO THIS IN NEW YORK IN 1978 AND IN WYOMING IN 1979 LEFT MONTANA ALONE AS THE ONLY STATE IN WHICH FARM BUREAU HAS NOT BEEN ABLE TO REQUIRE A MEMBERSHIP AS A CONDITION OF PURCHASING OR RENEWING CASUALTY AND OR LIABILITY INSURANCE.

WE HAVE NO INTEREST IN AND THIS BILL DOES NOT GRANT AUTHORITY TO CANCEL ANY IN FORCE INSURANCE. WHAT WE ARE ASKING IS THE RIGHT TO REFUSE RENEWAL, AFTER DUE

NOTICE, FOR THOSE WHO DO NOT CHOOSE TO MAINTAIN A MEMBERSHIP.

OURS IS A FAMILY ORGANIZATION PROVIDING SERVICES WITHOUT DISCRIMINATION TO FAMILIES UNDER A FAMILY MEMBERSHIP. THE DUES PAID VOLUNTARILY BY THE FAMILY ENTITLE THEM TO THE VARIOUS SERVICES AND ACTIVITIES WHICH WE SPONSOR. A PORTION OF EACH MEMBERSHIP IS SENT TO THE AMERICAN FARM BUREAU, A PORTION IS KEPT IN THE STATE FARM BUREAU AND A PORTION IS RETAINED IN THE COUNTY FARM BUREAU, WHICH IS THE BASIC UNIT IN THE ORGANIZATION. THE COUNTY FARM BUREAUS OWN OR OPERATE THE COUNTY FARM BUREAU OFFICES WHICH BECOME THE CENTER OF FARM BUREAU ACTIVITY AT THE COMMUNITY OR COUNTY LEVEL. THESE OFFICES ALONG WITH ALL OTHER COUNTY FARM BUREAU ACTIVITIES ARE FUNDED IN SOME PART BY THE MEMBERSHIP DUES.

I THINK IT NOTEWORTHY THAT THE BY-LAWS OF MOUNTAIN WEST FARM BUREAU MUTUAL INSURANCE COMPANY CLEARLY INDICATE THE MEMBERS ONLY PHILOSOPHY. IN SUPPORTING SB 242, WE ARE ASKING FOR LEGISLATIVE AUTHORITY TO OPERATE AS WE DID FOR MANY YEARS UNDER OUR ARTICLES OF INCORPORATION AND BY-LAWS AND IN COMPLETE HARMONY WITH THE PURPOSE FOR WHICH WE ARE ORGANIZED.

SENATE BILL 242 HAS THE SUPPORT OR OUR MEMBERSHIP AS EXPRESSED IN POLICY ADOPTED IN CONVENTION IN GREAT FALLS ON DECEMBER 2, 1980, OF OUR PRESIDENT "MACK" QUINN WHO WOULD HAVE DELIVERED THIS TESTIMONY HIMSELF EXCEPT FOR A PREVIOUS COMMITTMENT, AS VICE PRESIDENT OF MOUNTAIN WEST FARM BUREAU MUTUAL INSURANCE COMPANY AND OF THE MANAGEMENT OF MOUNTAIN WEST WHO ARE AT THE SAME MEETING AS PRESIDENT QUINN, THEY HAVE ASKED ME TO INDICATE THEIR SUPPORT.

THANK YOU FOR YOUR CONSIDERATION. I WILL BE PLEASED TO TRY TO ANSWER ANY QUESTIONS.

WILLIAM W. BROWN

EXECUTIVE VICE PRESIDENT

Jo Driscoll Exhibit D

Amendments to SB 242/third reading

1. Title, line 7.
   Following: "~~NONPROFIT~~"
   Strike: "AN"
   Insert: "A FARM BUREAU"

2. Title, line 10.
   Following: "FARM"
   Strike: "MUTUAL,"
   Insert: "BUREAU"

3. Title, line 10.
   Following: "ASSOCIATION"
   Strike: ","

4. Page 2, line 14
   Following: "controlled by"
   Strike: "an"
   Insert: "a farm bureau"

5. Page 2, line 16.
   Following: "the"
   Insert: "farm bureau"

If you don't have a license, you don't have insurance. He agrees with the concern expressed by Paul Keller - when you mandate a man out of his job, he can't live and feed his family unless he gets to work. There is a real basic policy conflict here and looking at this is way past due. This should have been done without making the compulsory law. This should be looked at.

EXECUTIVE SESSION -

Rep. Kitselman moved HOUSE JOINT RESOLUTION 55 DO PASS. Motion carried unanimously. Reps. Vincent and Meyer were absent.

Rep. Schultz moved that SENATE BILL 242 be reconsidered, and the motion was adopted unanimously with two members absent. He said farm cooperatives were very concerned about the amendments put on the bill by Jo Driscoll, and wanted to withdraw those amendments. He asked Mr. Brown and Mr. Murphy to explain their thoughts.

William Brown said he feels the amendments have some very serious problems. He questions the constitutionality of authorizing Farm Bureau and not other such organizations to have the membership requirement privilege. It doesn't recognize other organizations that are specifically similar, have similar problems and similar needs. Mrs. Driscoll had a major hand in preparing the amendments in the senate.

Senator Oschner said Mrs. Driscoll had given more consideration to the bill after drafting in the senate. Other major question raised was the potential as it came from the senate to allow the organization of fictitious groups. The code in Montana at the present time prevents the organization of such fictitious groups.

Mr. Brown said the Commissioner of Insurance in Wyoming said that state has such a law, and this is patterned after the one written in May, 1979. He advised that Montana has the necessary laws to prohibit such fictitious groups. He reported that they had had no problem with fictitious groups or with the enforcement of the legislation that is being asked for.

TERRY MURPHY, Farmers Union, said that organization is interested in the passage of SB 242 as it came from the senate. A number of years ago members set up insurance programs to insure themselves the best they could to meet their insurance needs. It is set up to serve their own members. Because you have good insurance, other people want to buy it and you require membership. The way the law is now, you cannot require membership for renewals. Basically, that sort of defeats the purpose for which the companies were set up in the first place. If people do want that insurance, the organization should have the right to say that it is for members, and they are free to become members, but they don't want the law to say that it has to be renewed if they aren't a member.

Rep. Ellerd asked Mr. Murphy whether they are going to make it compulsory to be a member in order to renew insurance. Mr. Murphy said it is voluntary compulsion, in that a person doesn't have to belong, but can if he wants to. Somebody with a liability problem could really be left out unprotected. They don't want to get that strict about it, and want the board to have the authority

to determine whether to renew or not.

Rep. Fabrega asked how much the membership fee is? Mr. Murphy said Farmers Union dues are $10 per year. Mr. Brown said Farm Bureau fees are $35 per year.

Rep. Kitselman asked if primary purpose was to promote the interest of Farm Bureau members. Mr. Murphy said the organization had existed as a Farm Bureau for 39 years before entering into the insurance business and that is only one of the services provided to members. Agents are remunerated by a base salary from the insurance company. They receive commissions on volume and from insurance companies. They have three insurance companies under their name. The county Farm Bureau organization and insurance companies together support the office. The bulk of the agents' remuneration comes from the sale of insurance.

Senator Don Ochsner was surprised Mrs. Driscoll took her senate amendments out in this House committee.

Grain growers aren't affected in any way, since they contract with an insurance company for their protection.

Rep. Schultz moved the amendments presently on SB 242 be removed. Motion carried with Rep. Kitselman voting No; Reps. Vincent, Ellison, Bergene were absent.

Rep. Harper reminded the question raised by Mrs. Driscoll was in having to be a member. Rep. Fabrega said the insurance law says you cannot force membership on any one, and that an insured has the right to renew. If you bought membership originally, you would have to continue to do so in SB 242.

Rep. Kitselman said the Farm Bureau's original intention was to sell to those engaged in farming activities, but they are making this insurance available to others than farmers, but are requiring membership. He asked Mrs. Driscoll what other dangers she saw if the amendments are removed. She answered an insurance company is authorized to do business and offer insurance to the public at large. Whenever you allow an insurance company to discriminate by offering coverage to only a certain preferred group, they select only good risks. The question of whether the membership fee is part of the insurance premium charge is raised. Insurance should be considered as something that is available to the public at large. This is not a farm mutual company and they do pay premium tax. It is up to the committee as to whether they want to open it up so any organization can sell such insurance. The Insurance Commissioner's office does not allow any membership fee to be charged.

Mr. Brown said it cannot be legally required to buy membership in order to participate in the first place or for renewal, but they encourage a person to participate as a member, and the majority of them do make an initial dues payment of $35 at the time theybuy insurance, but they do sell to some who do not pay the membership fee. The insurance premiums are the same to all whether members or not.

Jo Driscoll answered Rep. Schultz when he said he had a sheet showing in every state a Farm Bureau requires membership to buy their insurance, by saying the controversy in the senate was caused by the way the bill was originally written as it applied to farm mutuals. The company interested in this bill is not a farm mutual under our laws, and that is why it was extended to an organization. When it came out only the Farm Bureau was interested, so it was restricted to that organization.

Mr. Murphy said it didn't sound that way to him because farm bureau is not a descriptive term - it is the name of that one organization. Farmers Union offers insurahce on homes and for fire to city people and do not require membership from those people because the by-laws of the organization exclusive of insurance company, limit membership to the people whose major income is directly from farming, so they have never tried to force compulsory membership on people who are not farmers, but felt when it was set up to serve farmers, and others who wish to avail themselves of this insurance should become members. Don't require them to do so and don't intend to.

Mrs. Driscoll said an insurance company with a very favorable rate based on their experience could say that they will not offer insurance to anyone other than to a certain group. She feels your product should be available to the public at large. You can do some underwriting. She does not approve of the philosophy that you are prohibited from buying insurance from a company because you do not wish to belong to that organization. The difference between a private group and the public is the requirement of paying membership dues. She said she didn't realize that 'farm bureau' did not cover the Farmers Union. She thought it would be a bad thing if this were opened up to all organizations.

Rep. Fabrega asked if the word 'bureau' were removed to say 'owned or controlled by a farm association organization' it would be acceptable. Mr. Brown said they were interested in getting this legislation passed and that would in essence put it almost the way it was. He would like to have it passed out the way it came in so that it wouldn't run the risk of being turned down in the senate. The code prohibits formation of fictitious groups.

Rep. Schultz moved SENATE BILL 242 BE CONCURRED IN. Motion carried with Reps. Kitselman, Metcalf, Harper, Kessler voting No. Reps. Ellison, Vincent, and Bergene were absent. 12 - 4, 3 absent.

SENATE BILL 129 -

Rep. Jensen moved that former action be reconsidered. Motion carried with Rep. Kitselman voting No. Reps. Ellison, Vincent, Bergene, Andreason were absent. Rep. Jensen explained he thought the bill should go through in its original form.

Rep. Jensen moved that the amendments be stricken from the bill. Rep. Meyer opposed the motion saying the amendments cover the situation at the present time. - there are several reasons for not being able to get other insurance, such as termination, pre-existing conditions, etc. Two problems can be taken care of in this bill.